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April 30, 1007

Ms. Marlene H. Dortch  
Office of the Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, D.C. 20554

FILED/ACCEPTED

APR 30 2007

Federal Communications Commission  
Office of the Secretary

Re: Permanent Cost Allocations Manual for the Separation of  
Regulated and Nonregulated Costs for Ameritech, Pacific Bell,  
Nevada Bell, The Southern New England Telephone and  
Southwestern Bell Telephone Companies

Dear Ms. Dortch:

Pursuant to Section 64.903(b) of the Commission's rules, as amended by the *Report and Order* in CC Docket No. 99-253, AT&T Inc. respectfully submits an original and three copies of partial updates to the Cost Allocation Manual ("CAM") filing for Ameritech, Pacific Bell, Nevada Bell, The Southern New England Telephone and Southwestern Bell Telephone Companies.

AT&T's CAM is being revised to reflect various updates to Section V, Transactions with Affiliates, including the following: updating an OI&M service description, adding a new affiliate service offering and updating an affiliate name. **Also**, Section VI, Cost Apportionment Tables, is being updated to reflect modifications to the tables, including the addition of comments and changes in pool usage. Section VII, Time Reporting Procedures, is modified as well to add another telco as a user of the Customer Operations Expense Study for service representatives.

All changes to the CAM can be identified by annotations in the right hand margin of each revised page and are described in the attachment.

Please contact me at (201) 457-2321 should you have any questions about this CAM filing.

Sincerely,

Enclosures

No. of Copies rec'd \_\_\_\_\_  
List ABCDE

TRANSMITTAL MATRIX CAM CHANGES  
Description of change

<u>Page USOA Account</u>	<u>Change From</u>	<u>Change To</u>	<u>Reason for Change</u>	<u>Annualized Quantification</u>
V	WA (Not Applicable)	N/A	See Transmittal Attachment A for Section V explanations.	N/A
VI-5	Lease Study - Pacific	N/A	The capital lease study for PB has been discontinued.	N/A
VI-35 2681	Direct Cost Pool; Directly Attributed Regulated Cost Pool; Directly Attributed Nonregulated Cost Pool in Account 2681.	N/A	These cost pools have no usage effective year 2007.	N/A
VI-36 2681	Capital Lease-Central Office Building Space Cost Pool	N/A	Eliminated the capital lease study for PB effective year 2007.	Less than \$ million impact on regulated operations.
VI-38 2681	Capital Lease-Network Operations Building Space Cost Pool	N/A	Eliminated the capital lease study for PB effective year 2007.	Decrease to regulated operations of \$.4 million.
VI-36 2681	Capital Lease-Customer Operations Building Space Cost Pool	N/A	Eliminated the capital lease study for PB effective year 2007.	Decrease to regulated operations of \$2.6 million.
VI-37 2681	Capital Lease-Land and Building Cost Pool; Based on description of accounting codes; the AOCs checked as using cost pool.	Capital Lease-Land and Building Cost Pool; Cost Pool equals account; both the AOCs and PB checked as using cost pool.	Since all the capital lease study cost pools have been eliminated, the Capital Lease-Land and Building Cost Pool equals the account balance. PB, in addition to the AOCs, use this cost pool effective year 2007.	Increase to regulated operations for PB of \$4.0 million (net increase for Account 2681 to regulated operations of \$1.0 million).
VI-56 6563	Amortization Tangible Cost Pool; Indirectly attributed based on relative investment value in Account 2681, Capital Leases and Account 2682, Leasehold Improvements.	Amortization Tangible Cost Pool; Indirectly attributed based on relative investment value in Account 2681, Capital Leases or Account 2682, Leasehold Improvements.	To clarify the apportionment method for the Amortization Tangible Cost Pool in Account 6563, i.e., tangible amortization is apportioned relative to the associate investment. This is not a change in apportionment.	N/A
VI-59 6623	N/A	Check mark added for SNET (C) as using the Service Order Cost Pool.	SNET uses the Service Order Cost Pool effective April 2007. See related Section VII change for further explanation on the next page.	Increase to regulated operations of \$47.0 million for the Service Order Cost Pool in Account 6623 (net

# TRANSMITTAL MATRIX CAM CHANGES

Page USOA Account		<u>Description of change</u>			
	<u>Change From</u>	<u>Change To</u>	<u>Reason for Change</u>	<u>Annualized Quantification</u>	
					increase to regulated. though, of only \$1.1 million for all of Account 6623 since the amounts in the Service Order Cost Pool and the Service Order Support Cost Pool were apportioned to regulated in other Account 6623 cost pools previously).
VI-59 6623	N/A	Check mark added for SNET (C) as using the Service Order Support Cost Pool.	SNET uses the Service Order Support Cost Pool effective April 2007.	Increase to regulated operations of \$ .1 million.	
VI-60 6623	N/A	Check mark added for SNET (C) as using the Combined Customer Services Operations Cost Pool.	SNET rarely uses the Combined Customer Services Operations Cost Pool effective April 2007. (Pool is anticipated in 2007, but rarely.)	N/A	
Vli-5	N/A	Southern New England Telephone (SNET) uses the Customer Operations Expense Study to allocate Service Representatives non-exception reported time.	SNET uses the Customer Operations Expense Study to allocate service representatives non-exception reported time effective April 2007. Customer service representatives were transferred into the SNET telco.	See the quantifications above for the Service Order Cost Pool and the Service Order Support Cost Pool in Account 6623.	

TRANSMITTAL MATRIX CAM CHANGES  
Description of change

<u>Page USOA Account</u>	<u>Change From</u>	<u>Change To</u>	<u>Reason for Change</u>	<u>Annualized Quantification</u>
V-6	BellSouth MNS, Inc	BellSouth MNS, LLC	Modified affiliate name	N/A
v-7, 10	N/A	Code Number Administration Services	Added Service name and description	N/A
v-7, 8	Digital Subscriber Loop (DSL) Maintenance and Provisioning and Digital Subscriber Loop (DSL) Network Planning & Engineering Services	Digital Subscriber Loop (DSL) Maintenance and Provisioning and Digital Subscriber Loop (DSL) Network Planning & Engineering Services	Changed page numbers	N/A
V-8, 11	Layer 1/2/3 and Voice Network Planning and Engineering Service	Layer 1/2/3 and Voice Network Planning and Engineering Service	Modified service description	N/A
V-8, 9	Network Operations Support, Network Performance Monitoring, and Network Surveillance, Provisioning, Translations, and Technical Support	Network Operations Support, Network Performance Monitoring, and Network Surveillance, Provisioning, Translations, and Technical Support	Changed page numbers	N/A
V-9A	N/A	N/A	Created additional page 9A	N/A
V-9, 9A	Regulatory Services, Tariffed Telecommunications Services, Telecommunications and Equipment Services, Telephone Directory Services, Temporary Projects, Training Provided to Others, and Wholesale Services	Regulatory Services, Tariffed Telecommunications Services, Telecommunications and Equipment Services, Telephone Directory Services, Temporary Projects, Training Provided to Others, and Wholesale Services	Changed page numbers	N/A
V-13-16	BellSouth MNS, Inc., #11	BellSouth MNS, LLC, #11	Modified affiliate name on matrix	N/A
V-16.20, 24	N/A	Code Number Administration Services (FDC, FMV)	Added service name to matrix.	N/A
V-16	N/A, #2, N/A, #8, and N/A, #15	D (Code Number Administration Services (FDC, FMV) – SBC Long Distance, LLC, #2, SBC Internet Services, Inc., #8, and AT&T Corp., #15	Added Service to affiliates	N/A
v-24	N/A, #1	D (Code Number Administration Services (FDC) – AT&T Operations, Inc., #1)	Added service from affiliate.	N/A

AMERITECH/NEVADA BELL/PACIFIC BELL/SOUTHERN NEW ENGLAND/  
SOUTHWESTERN BELL TELEPHONE CAM

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## LIST OF AFFILIATES

BellSouth Advertising & Publishing Corporation	Markets and publishes telephone directory advertising (Yellow Pages) and publishes BST's directories (White Pages). Serves as a contractor for these services to independent telephone companies. Provides electronic advertising and other information services through its InfoVentures of Atlanta joint venture.
BellSouth MNS, LLC	Delivers managed services to meet the information technology, management, and networking needs of primarily large businesses to mid-size companies and other markets.
BellSouth Long Distance, Inc.	(Section 272 affiliate) Provides interexchange services.
Callisma, Inc.	Provider of network consultation services.
Gateway Rivers Insurance Company	(FDC Exception applies) Insurance company that currently provides workers' compensation, general liability, auto liability, printer's errors and omissions, railroad liability, environmental liability, property, medical stop loss, and corporate professional liability.
L M Berry and Company	Independent advertising sales agent and publishing company for yellow page directories in 31 states.
Pacific Bell Directory	Directory publishing and advertising provider.
Pacific Bell Information Services	Voice messaging service provider.
SBC Advanced Solutions, Inc	Data services provider.
SBC Asset Management, Inc	Real estate services provider.
SBC Global Services, Inc	Furnishes telecommunications and systems integration products to customers and operates divisions which sell and service voice systems for business use.
SBC International, Inc.	Holding company for SBC subsidiaries and affiliates operating internationally whose interests are in foreign telecommunications and other related businesses.
SBC Internet Services, Inc.	Internet service provider.
SBC Long Distance, LLC	(Section 272 Affiliate) Provides interexchange services.
SNET America, Inc	(Section 272 Affiliate) Provides interexchange telecommunications services and interstate and international long-distance services through alliances with major carriers.
SNET Diversified Group, Inc	Engages in a variety of business activities including tandem switching services, customer call center operations, operator services and consulting services.
SNET Information Services, Inc.	Provides yellow pages directory advertising and publishing.
SNET Real Estate, Inc.	Engages in the acquisition and leasing of commercial real estate.
Southwestern Bell Yellow Pages, Inc.	Directory publishing and advertising provider.
	Provider of e-business integration solutions.



LIST OF ASSETS AND SERVICES PROVIDED  
FROM TELCOS TO AFFILIATES

Service Provided	Service Description
Administrative Services	Services include various combinations of general administrative activities, fraud management, preparation and maintenance of technical and other documents, assistance in facilitation of mass migration of certain affiliate customers to Telco network, ID and access cards, facsimile provisioning, conference rooms, E-Rate calculations, etc. Also includes CLFC website support.
Asset Transfers	Occasional transfers of assets to affiliates, listed in the associated matrix by asset type.
Billing and Collections Services	Services include billing on Telco bill and associated collection for services provided by the affiliate to its customers.
Business Process Development & Design	Includes, but are not limited to, the development of business processes in support of new product introduction, ongoing business delivery, and business process improvement for an identified line of business. Business process development would include creation of business process strategies, business process models, OSS/BSS/NMIS architectural and system requirements, testing of new system code, system administration, M&P generation, training, and metric identification. Business process development would address the functional areas of Pre-Order Negotiation, Design, Ordering, Provisioning, Activation, Installation, Repair, Assurance, Testing, and Customer Care.
Code Number Administration	Services include, but are not limited to, acting as the code administrator Single Point of Contact (SPOC) for various national number administration organizations, submitting number requests to the national numbering vendor, performing database updates as necessary, submitting reports to the national numbering vendor, responding to requests from the North American Numbering Plan Area (NANPA) and the Pooling Administrator (PA), and representing AT&T in various industry forums.
Collection & Credit Services	Services include provision of collection services which are not included in a separate billing and collection agreement. Credit support services include, but not limited to, new applicant authentication activity on affiliate's products. Also includes related collection and credit training. Method & Procedure development, identifying and closing any process or training gaps.
Customer Care	Includes post-sale customer care for 272 and 272-like affiliates; encompasses services provided during the period from initial point of sale until first bill is rendered. Includes Customer Account Record Exchange (CARE) testing and high volume business record indicator services. Does not include marketing efforts that precede customer care, and Billing and Collection inquiry service following customer care. Also includes Single Point of Contact (SPOC) support for all affiliates including service and project management functions which includes, but is not limited to, receiving and handling customer inquiries regarding service related issues, as well as transfers of misdirected, non-marketing/non-billing/collection calls to affiliate.
Customer Premises Equipment (CPE) and Wire Services	Includes the sale or lease, installation, maintenance and repair of CPE, simple and complex wire, intra- and inter-building cables and voice, data and/or video equipment as well as other related telecommunications equipment on the customer's side of the network interface. Also included are installation, maintenance, operations support and/or management services (e.g., consulting, design, engineering and administration activities). These network plans can consist of customized wiring (copper, coaxial or fiber) and/or equipment that provides voice, data and/or video services. Inside wire maintenance plans are also offered as a part of this service. Also includes training of Telco employees to provide CPE Splitter/Filter Support.

LIST OF ASSETS AND SERVICES PROVIDED  
FROM TELCOS TO AFFILIATES

Service Provided	Service Description
Digital Subscriber Loop (DSL) Maintenance and Provisioning	Includes DSL related maintenance and testing activities required to receive process, and close trouble reports and work requests from affiliate and/or affiliate customers. Also includes DSL provisioning functions such as contacting customer or customer representative to assist in PC setups, modem, and filtering requirements. DSL work may include joint testing with telco to resolve provisioning and maintenance issues.
Digital Subscriber Loop (DSL) Network Planning & Engineering Services	Service includes implementation engineering functions (e.g. procurement support, monitoring systems and plant additions, project tracking, scheduling, and reporting), network planning functions (e.g. capacity/sizing/budget analysis and verification, forecasting) and project integration/planning functions (e.g. forecasts, new technology initiatives) and other related activities and associated support functions for DSL products in the 13-states.
Engineering Support	Service includes receiving and reviewing equipment addition directives from Capacity Managers, complete collocation applications, secure installation vendor and obtain installation quotes, space walkthroughs, vendor installation monitoring/quality assurance, system updates, expense tracking and time-reporting, project scheduling and reporting, and coordination with maintenance engineering for equipment.
Fiber Broadband Service	Service is a high speed network access service that provides connectivity to SBC's IP-enabled network that is capable of delivering a suite of services including internet access, voice, data, and video. This service consists of fiber transport running from a plant at or near the customer's home to the customer's serving central office over a Passive Optical Network (PON). PONs are the next generation in networking technology. The PON elements include an optical line terminal that resides in the central office, an optical splitter which is placed in the outside plant, and an optical network terminal that is placed at or near the customer's premises.
Finance & Treasury Services	Includes budget analysis support, accounting standards, safety services, risk management, and finance corporate fraud management.
Human Resources support	Includes support activities related to staffing, work force development, benefit administration, absence management and labor relations.
Interconnection	Establishment of interconnection arrangements with other telecommunications providers.
Layer 1/2/3 and Voice Network Planning and Engineering Service	Services include, but are not limited, to: network planning functions; project integration and planning functions; corporate-wide network planning initiatives; program/project management; common systems standards and applications engineering; equipment and material approval for use (AFUs) and life cycle management; switching/transport/data process support and surveillance; asset management; cross discipline engineering systems support; network engineering regulatory and compliance support, <b>implementation of network build and capacity management</b> , and associated support functions for Layer 1 (i.e., Inter-LATA Transport), Layer 2 (i.e., ATM/FR/Ethernet), Layer 3 (i.e., Internet Protocol) and Voice (i.e., TDM/VoIP) Network Engineering Support services.
Marketing Services	Includes marketing, retail sales of products and the administrative support of sales operations up to and including issuing orders for outside third parties and affiliates, including sales support by our Global and Major Accounts units. Also includes use of Telco assets for advertising (e.g. van wrapping, banner advertising on telco buildings) and use of customer lists for marketing purposes. Customer care is not included in marketing services provided to 272 and 272-like affiliates.

LIST OF ASSETS AND SERVICES PROVIDED  
FROM TELCOS TO AFFILIATES

Service Provided	Service Description
Network Operations support	Service includes line number administration, customer/network translations, RCMAC, trunk maintenance, switch surveillance and analysis, and electronic switching support.
Network Performance Monitoring	Service includes the creation and maintenance of network performance monitor databases; installation and configuration of the hardware and software; creation and maintenance of engineering reports; and data tracking and system troubleshooting.
Network Surveillance, Provisioning, Translations, and Technical Support	Company will provide Surveillance, Advanced Technical Support and Translations and Transport Provisioning Services (collectively, the "Services") in support of a broad range of network elements and technologies used in connection with PSTN, broadband, or IP-based networks. The Services include, but are not limited to, network monitoring; fault management and remote maintenance of network elements; responding to alarms or alerts generated by network elements; root cause analysis of network trouble; network health analysis; escalation of network issues; advanced technical support pertaining to the remote monitoring, management, provisioning and maintenance of network elements; services related to ensuring the correct call routing and billing associated with network elements; establishing complex translations; designing E911 and back-up E911 routing; programming customer PBX software; establishing routing pursuant to E R G and industry standards; services pertaining to ensuring proper provisioning of AT&T transport elements; and development of common methods and procedures related to the above.
Official Communications Services	Services include the installation, maintenance, and administration of local, intraLATA and interLATA corporate communications services. Also includes related consulting and engineering, official directory, conference calls and terminal equipment.
Operator Services	Service includes operator services activities.
Other Directory Services	Oversight of billing and collection of Yellow Pages sales and advertising, and related project management.
Power Management	Service includes monitoring and evaluating power plants for alarms and possible servicing troubles.
Primary Interexchange Carrier Services (PIC)	May include account maintenance, provision of customer information, verification of customer record and switch data, and service order issuance. May also include PIC change service.
Public Relations Services	May include handling of customer inquiries, complaints, appeals, and customer service measurement. May also include general public relations services such as layout, video, news clippings, employee information publications, graphics, and audio tape production.
Real Estate Services	Services include asset use, property management, lease administration, architectural planning, design and construction, floor space planning, furniture inventory, floor space, furniture and equipment leasing, parking facilities, and antenna site licenses. Also includes lease of central office space and equipment and power space in administrative buildings.

LIST OF ASSETS AND SERVICES PROVIDED  
FROM TELCOS TO AFFILIATES

Service Provided	Service Description
Regulatory Services	Services include regulatory support, audit oversight, consulting services and public affairs support.
Tariffed Telecommunications Services	Provision of services covered by federal and/or state tariff or rates mandated by state/federal commissions.
Telecommunications and Equipment Services	Includes telecommunications support activities such as access to test systems for purpose of performing tests on telco owned facilities used by affiliates and special construction activities. May also include employee concession in the Ameritech region and providing central office space and power. Also includes equipment related maintenance and testing activities required to receive, process, and close trouble reports and work requests from affiliate and/or affiliate customers. Also includes Equipment provisioning functions such as contacting customer or customer representative to assist in PC setups, modem, and filtering requirements. Equipment work may also include joint testing with affiliate and/or affiliate customers to resolve provisioning and maintenance issues. Also includes voice mail service and telecommunications-related management consulting and field and staff support functions.
Telephone Directory Services	Includes provision of White Pages listings to telephone directory publishers as well as other miscellaneous directory or support listing services.
Temporary Projects	Services include temporary support, occasional or one-time transactions including licensing of intellectual property, and consultation for general administrative activities.
Training Provided to Others	Training classes, curriculums and materials developed or acquired for Telco use are provided to others, and can include custom training development.
Wholesale Services	Provision of services (e.g. broadband, Local Wholesale Complete, Private Carriage Services) on a wholesale basis.

LIST OF ASSETS AND SERVICES PROVIDED  
TO TELCOS FROM AFFILIATES

Service Provided	Service Description
Administrative Services	Includes security, insurance, office services, maintenance of furniture and office equipment, executive transportation, repatriation, customer seminars, loaned employees, services provided to Telco employees located in affiliate buildings, and interim employee-related services arising from mergers and acquisitions.
Advertising	Directory advertising, directory insert advertising, and miscellaneous advertising.
Advertising and Image Promotion	Provision of information and promotion of AT&T and Telco: names, products, services and corporate image to the investment community and other external audiences. Also allows use of advertising assets, and access to database and search engines.
Asset Transfers	Occasional transfers of assets from affiliates, listed in the associated matrix by asset type.
Billing & Collection Services	Services include billing on affiliate bill and/or collection for services provided by the affiliate to its customers. Also includes cooperating to identify and correct misapplied payments regardless of billing source.
Billing/Customer Support Services	Includes billing operations, bill printing and mailing, fraud management, payment processing, billing system project management, customer account establishment and servicing, and provision of customer service advice.
Broadband/IP Service	Service provides Internet Protocol (IP) connectivity capable of providing high speed internet access, video and voice services. Service may consist of connectivity between the IP backbone and the Layer 3 World Wide Web backbone. Service may also include provisioning of video content, VoIP telephony capabilities, end-user customer account establishment, maintenance and tracking, provision of floor space and power, and installation and maintenance activities, (e.g. CPE installation and maintenance, wire work, d i i , testing, etc.).
Business Process Development & Design	Includes, but are not limited to, the development of business processes in support of new product introduction, ongoing business delivery, and business process improvement for an identified line of business. Business process development would include creation of business process strategies, business process models, OSS/BSS/NMS architectural and system requirements, testing of new system code, system administration, M&P generation, training, and metric identification. Business process development would address the functional areas of Pre-Order Negotiation, Design, Ordering, Provisioning, Activation, Installation, Repair, Assurance, Testing, and Customer Care.
Call Center Customer Care	Includes call center transfers of misdirected, non-marketing calls to affiliates and billing and collection related inquiries. Can also include Call Center PC Lease related costs, non-recurring charges for IVR Development Charges and Reports.
Code Number Administration Services	Services include, but are not limited to, acting as the code administrator Single Point of Contact (SPOC) for various national number administration organizations, submitting number requests to the national numbering vendor, performing database updates as necessary, submitting reports to the national numbering vendor, responding to requests from the North American Numbering Plan Area (NANPA) and ILE Pooling Administrator (PA), and representing AT&T in various industry forums.
Communications Services and Equipment	Includes provision of inter-LATA services, wireless telephone sets and service; voice messaging and message center mailbox services; Internet access, products and support; circuit access and usage charges; equipment leasing and engineering, installation, monitoring, and maintenance of telecommunications products and services.

LIST OF ASSETS AND SERVICES PROVIDED  
TO TELCOS FROM AFFILIATES

Service Provided	Service Description
Corporate Governance	Includes overall corporate direction and development, strategic business planning and executive supervision.
External Affairs and Government Relations	Includes external reporting, regulatory and rate proceeding activities, and compliance with securities law and exchange requirements, and maintaining relations with government and regulatory bodies as well as the general public and other companies.
Finance and Treasury Services	Includes shareowner services, investor relations, earning requirements, economic analysis, investment and cash management, tax services, corporate accounting, financial analysis, asset protection, risk management, audit services, payroll, accounts payable and bill payments, disbursement accounting, fixed asset accounting, and affiliate transactions oversight.
Human Resources Support Services	Includes staffing, work force development, benefit administration, absence management and labor relations
Information Technology Services	Includes software development and maintenance, data center operations, PC desktop support services, corporate data communications management, related miscellaneous office equipment expense, and other miscellaneous services.
Insurance Services	Includes insurance administration and funding.
Interconnection Services	Establishment of interconnection (includes reciprocal compensation agreements) arrangements with other telecommunications providers.
Layer 1/2/3 and Voice Network Planning and Engineering service	Services include, but are not limited, to: network planning functions; project integration and planning functions; corporate-wide network planning initiatives; program/project management; common systems standards and applications engineering; equipment and material approval for use (AFUs) and life cycle management; switching/transport/data process support and <b>surveillance</b> ; asset management; cross discipline engineering systems support; network engineering regulatory and compliance support, <b>implementation of network build and capacity management</b> , and associated support functions for Layer 1 (i.e., Inter-LATA Transport), Layer 2 (i.e., ATM/FR/Ethernet), Layer 3 (i.e., Internet Protocol) and Voice (i.e., TDM/VoIP) Network Engineering Support services.
Legal Services	Includes professional services provided by affiliate legal organizations.
Marketing Services	Services may include product and market management; distribution channel management and development; pricing, packaging and promotion; customer competitive and research analysis; market trials and tests, marketing channels, corporate call center activities, retail sale of Telco products, industry markets sales support, and call center marketing (includes sales transfers and/or referrals to affiliates). Can also include various customer care services including service management and project management functions and use of customer lists for marketing purposes. Also can include training to market affiliates products, implementation and installation of equipment/software necessary <b>demonstrations</b> , product demonstrations, attending presentations and used marketing space for buyer's products.

[illegible][illegible]

- 1= BellSouth Long Distance, Inc.
- 2= SBC Long Distance, LLC
- 3= SBC International, Inc.
- 4= Pacific Bell Directory
- 5= SNET Diversified Group, Inc.
- 6= Pacific Bell Information Services
- 7= Callisma, Inc.
- 8= SBC Internet Services, Inc.
- 9= N/A

10= BellSouth Advertising & Publishing Corporation  
11= BellSouth MNS, LLC  
12= AT&T Services, Inc.  
13= AT&T Management Services, L.P.  
14= AT&T Operations, Inc.  
15= AT&T Corp.  
16= AT&T Enterprise Services, Inc.  
17= L.M. Berry and Company  
18= AT&T Labs, Inc.

19= Southwestern Bell Yellow Pages, Inc.  
20= SBC Advanced Solutions, Inc.  
21= AT&T Messaging, LLC  
22= N/A  
23= Sterling Commerce, Inc.  
24= N/A  
25= AT&T Video Services, Inc.  
26= N/A  
27= SNET Information Services, Inc.  
28= SNET America, Inc.  
29= N/A  
30= N/A

\*\* See pages V-8 through V-11 appearing earlier in Section V for a more detailed description of services provided  
Legend: D = Daily, W = Weekly, M = Monthly, Q = Quarterly, A = Annually, O = Occasionally

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# **AFFILIATE TRANSACTIONS MATRIX FROM TELCOS TO AFFILIATES**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Telecommunications and Equipment Services		D		D	D	D	D	D				D	D	D	D			D	D	D	D				D		D	D		
Wholesale Services		D													D					D										
ASSETS – Higher of Fair Market Value and Net Book Cost																														
Inventory												O																		
Equipment															O															
Land and Building																														
Transmitters																														
Support Assets		O				O		O				O	O	O						O										
SERVICES – Higher of Fair Market Value and Fully Distributed Cost																														
Finance & Treasury Services (FDC FMV)		O						D				O			D					O						O				
Administrative Services (FDC FMV)		O	O	O	O	O		O				O	O	O	D				O	O	O	O				O			O	
Official Communications (FDC FMV)		O	D	D	O	O	O	M				D	D	D		O			D	D	D	D				M		O	O	
Real Estate Services (FDC FMV)		D		D	D	D	D	D				D	D	D	D	D			D	D	D	D			D		O		D	D

1= BellSouth Long Distance, Inc.  
2= SBC Long Distance, LLC  
3= SBC International, Inc.  
4= Pacific Bell Directory  
5= SNET Diversified Group, Inc.  
6= Pacific Bell Information Services  
7= Callisma, Inc.  
8= SBC Internet Services, Inc.  
9= N/A

10= BellSouth Advertising & Publishing Corporation  
11= BellSouth MNS, LLC  
12= AT&T Services, Inc.  
13= ATBT Management Services, L.P.  
14= ATBT Operations, Inc.  
15= AT&T Corp.  
16= AT&T Enterprise Services, Inc.  
17= L.M. Berry and Company  
18= AT&T Labs, Inc.

19= Southwestern Bell Yellow Pages, Inc.  
20= SBC Advanced Solutions, Inc.  
21= ATBT Messaging, LLC  
22= N/A  
23= Sterling Commerce, Inc.  
24= N/A  
25= ATBT Video Services, Inc.  
26= N/A  
27= SNET Information Services, Inc.

28= SNET America, Inc.  
29= N/A  
30= N/A

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# AFFILIATE TRANSACTIONS MATRIX FROM TELCOS TO AFFILIATES

Asset/Service Provided**	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Temporary Projects (FDC, FMV)		O	O	O	O	O	O	O				O	O	O	O			O	O	O	O		O		O		O	O		
Business Process Development & Design (FDC, FMV)	D	D													D					D								D		
Marketing Services (FDC, FMV)		D		O	D	D	D	D				O	D	M	D			O	D	D	D				D				D	
CPE and Wire Services (FDC, FMV)		D		O	O	O		O				D	O					O	O	D	O				O			O		
Telephone Directory Services (FDC)				D															D								D			
Primary Interexchange Carrier Services (PIC) (FDC, FMV)		D			D										D					D										
Regulatory (FDC, FMV)		M		O		O		M				O	M	M	M	M		O	M	M	M				M		O	O		
Other Directory Services (FDC)				O																										
Training Provided to Others (FDC, FMV)		O	O	O		O		O				O	O	O	O				O	O								O		
Collection & Credit Services (FDC, FMV)		D			O			D							O					O	O				D			D		
Operator Services (FDC)					D																									
Layer 1/2/3 and Voice Network Planning and Engineering Service (FDC, FMV)	D	D													D					D								O		

1= BellSouth Long Distance, Inc.  
2= SBC Long Distance, LLC  
3= SBC International, Inc.  
4= Pacific Bell Directory  
5= SNET Diversified Group, Inc.  
6= Pacific Bell Information Services  
7= Callisma, Inc.  
8= SBC Internet Services, Inc.  
9= NIA

10= BellSouth Advertising & Publishing Corporation  
11= BellSouth MNS, LLC  
12= AT&T Services, Inc.  
13= AT&T Management Services, L.P.  
14= AT&T Operations, Inc.  
15= ATBT Corp.  
16= AT&T Enterprise Services, Inc.  
17= L.M. Berry and Company  
18= ATBT Labs, Inc.

19= Southwestern Bell Yellow Pages, Inc.  
20= SBC Advanced Solutions, Inc.  
21= ATBT Messaging, LLC  
22= NIA  
23= Sterling Commerce, Inc.  
24= NIA  
25= ATBT Video Services, Inc.  
26= N/A  
27= SNET Information Services, Inc.

28= SNET America, Inc.  
29= N/A  
30= NIA

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Legend: D=Daily, W=Weekly, M=Monthly, Q=Quarterly, A=Annually, O=Occasionally

**AFFILIATE TRANSACTIONS MATRIX  
FROM TELCOS TO AFFILIATES**

Asset/Service Provided <sup>1</sup>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Telecommunications and Equipment Services (FDC, FMV)		D			D	O	O	D				D		O	D					D	O						O	D		
Human Resources Support (FDC, FMV)																														
Public Relations Services (FDC, FMV)		O	O	O		O		O				O	O	O	O			O	O	O	O		O		O		O			
Customer Care (FDC, FMV)		D			O	D		D							D					D	D							D		
Fiber Broadband Service (FDC, FMV)								D																						
Digital Subscriber Loop (DSL) Maintenance and Provisioning (FDC, FMV)																				D										
Digital Subscriber Loop (DSL) Network Planning & Engineering (FDC, FMV)																				D										
Engineering Support (FDC)					O									O							D									
Network Operations Support (FDC)		D																												
Network Performance Monitoring (FDC)		O																												
Network Surveillance, Provisioning, Translations and Technical Support (FDC, FMV)		D			D			D							D					D								D		
Power Management (FDC)		D						O																						
Code Number Administration Services (FDC, FMV)		D						D							D															

1= BellSouth Long Distance, Inc.

2= SBC Long Distance, LLC

3= SBC International, Inc.

4= Pacific Bell Directory

5= SNET Diversified Group, Inc.

6= Pacific Bell Information Services

7= Calisma, Inc.

8= SBC Internet Services, Inc.

9= N/A

10= BellSouth Advertising & Publishing Corporation

11= BellSouth MNS, LLC

12= AT&T Services, Inc.

13= AT&T Management Services, L.P.

14= AT&T Operations, Inc.

15= AT&T Corp.

16= AT&T Enterprise Services, Inc.

17= L.M. Berry and Company

18= AT&T Labs, Inc.

19= Southwestern Bell Yellow Pages, Inc.

20= SBC Advanced Solutions, Inc.

21= AT&T Messaging, LLC

22= N/A

23= Sterling Commerce, Inc.

24= N/A

25= AT&T Video Services, Inc.

26= N/A

27= SNET Information Services, Inc.

28= SNET America, Inc.

29= N/A

30= N/A

\*\* See pages V-8 through V-11 appearing earlier in Section V for a more detailed description of services provided

Legend: D = Daily, W = Weekly, M = Monthly, Q = Quarterly, A = Annually, O = Occasionally

## AFFILIATE TRANSACTIONS MATRIX FROM TELCOS TO AFFILIATES

[illegible]

31= SBC Asset Management, Inc.

32= SBC Global Services, Inc.

33= Ameritech Advanced Data Services, Inc.

34= N/A

35= Ameritech Publishing, Inc.

36= Ameritech Services, Inc.

37= AT&T DataComm, Inc.

38=N/A

39= AT&T Capital Services, Inc.

40= Ameritech Information Industry Services, Inc.

41= NIA

42= N/A

43= NIA

44= AT&T Mobility, LLC

45= N/A

46= Ameritech Payphone Services, Inc.

47= NIA

\*\* See pages V-8 through V-11 appearing earlier in Section V for a more detailed description of services provided

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Southern New England Telephone/Southwestern Bell Telephone  
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Revised: 04/30/07

**AFFILIATE TRANSACTIONS MATRIX  
TO TELCOS FROM AFFILIATES**

Asset/Service Provided**	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Temporary Projects	O				O					O	O			O																		
Procurement Support Services					O									D																		
Real Estate Support Services														D																		
Communications Services and Equipment	D				D									D																	O	
Insurance Services																		D														
Business Process Development & Design	D																															
Code Number Administration Services	D																															
NO CHARGE																																
White Pages Directory Services				D												D												D				
Marketing Services																							O									
Real Estate Support Services																																D
Billing & Collection Services																																O
Call Center Customer Care																																D
Temporary Projects												O			O							O										O
Advertising and Image Promotion																D																
Communications Services and Equipment						D	D												D				D									

1= ATBT Operations, Inc.  
2= SNET Real Estate, Inc.  
3= SNET Information Services, Inc.  
4= Pacific Bell Directory  
5= Ameritech Services, Inc.  
6= Pacific Bell Information Services  
7= SBC Internet Services, Inc.  
8= NIA

9= SNET America, Inc.  
10= ATBT Management Services, L.P.  
11= ATBT Labs, Inc.  
12= SBC Advanced Solutions, Inc.  
13= SNET Diversified Group, Inc.  
14= AT&T Services, Inc.  
15= Ameritech Advanced Data Services, Inc.  
16= Southwestern Bell Yellow Pages, Inc.

17= Callisma, Inc.  
18= Gateway Rivers Insurance Company  
19= ATBT Messaging, LLC  
20= BellSouth Long Distance, Inc.  
21= ATBT DataComm, Inc.  
22= SBC Asset Management, Inc.  
23= SBC Long Distance, LLC  
24= Sterling Commerce, Inc.

25= NIA  
26= ATBT Capital Services, Inc.  
27= ATBT Mobility, LLC  
28= NIA  
29= Ameritech Publishing, Inc.  
30= SBC Global Services, Inc.  
31= ATBT Enlifer Services, Inc.  
32= ATBT Corp

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Revised: 04/30/07

## COST POOL IDENTIFICATION(cont.)

Office, Network Operations, Customer Operations and Motor Pools, are populated by matching the function code on the motor vehicle inventory file with the related pool category. This **study** is performed at least annually.

### Leasehold Improvement Study – Pacific and SWBT

This leasehold improvement study is conducted at least annually by obtaining the continuing property record report which lists all leasehold improvements and their amounts within a jurisdiction. These leasehold improvements are then pooled based on their related leased building location code.

### Analysis of Equipment Inventory Records

Analysis of equipment inventory records is performed when an account cannot be disaggregated into homogeneous cost pools using other detailed information. This disaggregation assures maximum direct assignment of costs to regulated services and nonregulated activities. The equipment inventory records are analyzed in those instances when they help to identify equipment dedicated to either regulated services or nonregulated activities.

### Specific Identification of Equipment in Accounting Records – SWBT

Specific identification of equipment in accounting records is performed when an entire unit of unique equipment is dedicated solely to regulated or nonregulated activities and can be identified specifically as such in accounting records.

	Cost Pool Identification		Cost Pool Apportionment Method	Comments	P	N	S	A	C
2431 Aerial Wire	Direct Cost Pool	Cost Pool equals account	Directly assigned to regulated	The Companies do not use aerial Wire in the provision of nonregulated activities. By spec., permission from the FCC, SNET records its Aerial wire investment in Account 2421 Aerial Cable					
2441 Conduit Systems	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated.						
	Direct Cost Pool	Based on description of accounting codes.	Directly assigned to nonregulated						
	Signaling Cost Pool	Based on description of accounting codes and analysis of equipment inventory records	Directly attributed based on peak forecasted annual usage-octets.						

USOA Part 32 Accounts

[illegible]

### Cost Pool Identification

### Cost Pool Apportionment Method

P  
N  
S  
A  
C

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USOA Part 32 Accounts.	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A	C
<b>2681 Capital Leases</b>	Capital Lease-Land and Building Cost Pool	Cost Pool equals account.	indirectly attributed based on relative investment value of Account <b>2121</b> , Buildings						
<b>2682 Leasehold Improvements</b>	Directly Attributed Regulated Cost Pool	Based on description of accounting codes and leasehold improvement study	Directly attributed to regulated	includes portions of leasehold improvements which are located on leased property that has been sublet					
	Directly Attributed Nonregulated cost Pool	Based on description of accounting codes and leasehold improvement study	Directly attributed to nonregulated	PB rarely uses this pool					
	Leased-Central Office Cost Pool	Based on description of accounting codes and leasehold improvement study	Indirectly attributed based on relative value of Central Office current month salaries and wages in Accounts 2211 through 2232 and Accounts 6211 through 6232.	Includes capital improvements made to building space Obtained under capital and operating lease arrangements					
	Leased-Distribution Services cost Pool	Based on description of accounting codes and leasehold improvement study	Indirectly attributed based on relative value of Distribution Services current month salaries and wages in Accounts 2311 through 2441 and 6311 through 6441						
	Leased-Network Operations Cost Pool	Based on description of accounting codes and leasehold improvement study.	Indirectly attributed based on relative value of Network Operations current month salaries and wages in Accounts 6112 through 6124 (excluding 6121) and 6511 through 6535						
	Leased-Customer Operations Cost Pool	Based on description of accounting codes and leasehold improvement study.	Indirectly attributed based on relative value of Customer Operations current month salaries and wages in Accounts 6611 through 6623						



## USOA Part 32 Accounts

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments					
6563 Amortization Expense - Tangible	Amortization Tangible Cost PW	Cost Pool equals account.	Indirectly attributed based on relative investment value in Account 2681, Capital Leases or Account 2682. Leasehold Improvements						
65M Amortization Expense - Intangible	Direct Cost Pool	Eased on description of accounting codes	Directly assigned to nonregulated						
	Network Software Amortization Intangible Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative value of the Network Software Cost Pool in Account 2690. Intangibles						
	General Purpose Computer Software Amortization Intangible Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative value of the General Purpose Computer Software Cost Pool in Account 2690. Intangibles	NE and SNET rarely use this cost pool.					
6565 Amortization Expense - Other	Not applicable.	Not applicable.	Not applicable.	The Companies do not use this account.					
6611 Product Management and Sales	Direct Cost Pool	Based on description of accounting codes.	Directly assigned to regulated.	includes prior Accounts 6611 and/or 6612.					
	Direct Cost Pool	Based on description of accounting codes.	Directly assigned to nonregulated	includes prior Accounts 6611 and/or 6612.					

## USOA Part 32 Accounts

Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A	C
6623 Customer Services	Direct Cost Pool	Based on description of accounting codes.	Directly assigned to regulated	✓	✓	✓	✓	✓
	Direct Cost Pool	Based on description of accounting codes.	Directly assigned to nonregulated.	✓	✓	✓	✓	✓
	Service Order Cost Pool	Based on description of accounting codes.	Directly attributed based on statistical sampling of customer services operations.	✓	✓	✓	✓	✓
	Service Order Support Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative value of the Service Order Cost Pool in Account 6623, Customer Services.	✓	✓	✓	✓	✓
	Revenue/Billing Cost Pool	Based on description of accounting codes.	Indirectly attributed based on analysis of billed universal service order codes.	✓	✓	✓	✓	✓
			Includes service order processing, payment and collection and billing inquiry for interexchange carrier customer service. Includes accounting toll operations associated with processing messages for carriers. Includes toll message operations and local message operations along with the associated support. Includes message investigation center and its associated support.	✓	✓	✓	✓	✓
			Includes the costs of business and residence customers, centralized operations group order processing, and billing inquiry. Also includes local supervision, general administration and administrative support services. See Section VII, Service Representatives.	✓	✓	✓	✓	✓
			Includes costs of retrieving data for and producing customer bills. Includes processing all basic account data. Includes receiving mail payments from customers and public offices and performing payment, collection and treatment activities within a centralized operation.	✓	✓	✓	✓	✓

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A	C
6623 Customer Services (Cont)	Combined Customer Services Operations Cost Pool	Based on description of accounting codes	Indirectly attributed based on relative value of the Service Order Cost Pool, Service Order Support Cost Pool and Billing/Bill Payment Cost Pool	Includes costs of combined customer services operations i.e. order processing, billing inquiry and payment and collection activities performed within a centralized operation. SNET rarely uses this cost pool.		✓			
	Other Customer Services Cost Pool	Based on description of accounting codes	Indirectly attributed based on the relative value of the directly assigned and attributed telco marketing costs in Accounts 6611, 6613, 6623 and 6720			✓			
	Customer Services Residual cost Pool	Based on description of accounting codes	Marketing Allocator	SNET rarely uses this cost pool.					
6720 General and Administrative	Direct Cost Pool	Based on description of accounting codes	Directly assigned to regulated	Includes prior Accounts 6711-6727 and/or 6728		✓			
	Direct Cost Pool	Based on description of accounting codes.	Directly assigned to nonregulated	Includes prior Accounts 6711-6726 and/or 6728.		✓			
	Directly Attributed Regulated	Based on description of accounting codes and computer usage.	Directly attributed to regulated	Includes prior Account 6724.		✓			
	Directly Attributed Nonregulated	Based on description of accounting codes and computer usage.	Directly attributed to nonregulated	Includes prior Account 6724. This cost pool is rarely used by the Companies		✓			
	Plant Operations Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative value of Plant Operations current month salaries and wages in Accounts 2111 through 2441. 61.2 of 6441 and 6532 through 6535	Includes prior Account 6711		✓			

2. For Service Representatives - Southwestern Bell, Pacific Bell, **Southern New England Telephone** and Ameritech - Customer Operations Expense Study

This method of allocating non-exception reported time utilizes time studies to allocate the regulated and nonregulated time of service representatives within Account 6623.

The statistician determines the appropriate number of calls needed to produce a statistically valid sample. Prerecorded sales calls from the various call centers within the Southwestern and Ameritech regions are haphazardly selected monthly by stratum. A time study is performed using these samples to determine the percent of time spent on each product/service offered within the call centers. The results of the study are used to determine the percentage of activities that are devoted to regulated products/services vs. nonregulated products/services.

The resulting percentage is input into the CAS system and is applied to the costs in the Service Order Cost pool in Account 6623. This pool contains the expense for the paid time, including paid time off, of the service representatives.

Any exceptions to normal work activities, such as uniquely-required regulated and nonregulated product/project tracking, contracts, and other special projects, are reported using exception time reporting. The exception reporting drives the expense to the Part 32 accounts associated with the exception code used.